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Introduced Version

**HOUSE CONCURRENT  
RESOLUTION No. \_\_\_\_\_**

**DIGEST OF INTRODUCED RESOLUTION**

A CONCURRENT RESOLUTION urging the enactment of legislation to provide mainstream banking services and credit products to allow a second chance to build or rebuild credit and expressing the Indiana General Assembly's support of basing automobile insurance rates on a driver's record and type of automobile.

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**Crawford**

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\_\_\_\_\_, read first time and referred to Committee on

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## HOUSE CONCURRENT RESOLUTION

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A CONCURRENT RESOLUTION urging the enactment of legislation to provide mainstream banking services and credit products to allow a "second chance" to build or rebuild credit and expressing the Indiana General Assembly's support of basing automobile insurance rates on a driver's record and type of automobile.

*Whereas, There is a substantial population in the United States that does not have access to traditional sources of consumer credit, financial services, or bank checking accounts;*

*Whereas, The majority of financial institutions rely on the scoring system of the Fair Isaac Corporation (FICO score) to determine the creditworthiness of consumers;*

*Whereas, The FDIC considers consumers with FICO scores of 660 and below to be sub-prime credit consumers;*

*Whereas, There are an estimated 80 million people in the United States with FICO scores of 660 and below;*

*Whereas, There are an estimated 54 million people in the United States that have no credit score or a thin credit file;*

*Whereas, Individuals who do not have or maintain traditional bank accounts are "unbanked";*

*Whereas, Individuals who have impaired credit or thin credit files are financially "underbanked";*

*Whereas, The "unbanked" or "underbanked" population is*



*denied credit and financial products that are generally available to others in the United States;*

*Whereas, The unbanked and underbanked population is over 51% African-American;*

*Whereas, Federally regulated banks are limited in the amount of risk that they can undertake in servicing consumers with FICO scores below 600;*

*Whereas, The National Black Caucus of State Legislators (NBCSL) understands and recognizes that consumers with low FICO scores represent a higher cost to service due to the associated risk;*

*Whereas, A key objective of NBCSL is to assist African-Americans and other underserved financial consumers in obtaining equal access to consumer credit and financial opportunities;*

*Whereas, It is the purpose of this resolution to recognize and support the efforts of financial services companies and their associated bank partners to make mainstream credit products and financial services available to African-Americans and other underserved financial consumers on terms that are fair and equitable;*

*Whereas, All consumers deserve the right to know the terms, conditions, and costs of obtaining credit through full, accurate, and understandable disclosure;*

*Whereas, In addition, automobile and homeowner insurance redlining has forced many residents in urban settings to choose between paying for necessities for their families or paying unaffordable, unfair insurance rates;*

*Whereas, Michigan studies have shown that residents of Michigan cities with large African-American populations pay more for insurance, illustrating the disparities that exist in automobile rates of up to 17% between cities with similar population sizes and automobile theft rates, but having different racial makeups;*



*Whereas, Insurance providers have continually justified these exorbitant insurance rates in Detroit and other predominantly African-American communities by basing rates on consumers' credit scores, even though no direct link exists between a consumer's credit score and his or her insurance worthiness;*

*Whereas, Many entry level jobs in the inner city are not accessible by mass transit, and those residents wanting to transition from welfare to work are often unable to accept employment opportunities because of transportation issues; and*

*Whereas, Adding to this problem is the fact that the working poor in other African-American cities who do have access to an automobile are often unable to afford automobile insurance: Therefore,*

*Be it resolved by the House of Representatives  
of the General Assembly of the State of Indiana,  
the Senate concurring:*

- 1       SECTION 1. That the Indiana General Assembly supports the
- 2       enactment of legislation to provide mainstream banking services and
- 3       credit products to allow a "second chance" to build or rebuild credit.
- 4       SECTION 2. That the Indiana General Assembly supports working
- 5       with all applicable federal agencies, policymakers, and legislative
- 6       caucuses to create regulations and legislation to promote a stable
- 7       regulatory environment for financial services companies and their
- 8       banking partners to service the underserved financial consumer and
- 9       end the current environment of inequitably providing mainstream credit
- 10      products and financial services to underserved financial consumers.
- 11      SECTION 3. That the Indiana General Assembly supports financial
- 12      services companies that provide financial services and credit products
- 13      to African-American consumers and other financially underserved
- 14      communities on terms that fairly account for the credit risk undertaken
- 15      by such companies.
- 16      SECTION 4. That the Indiana General Assembly supports financial
- 17      services companies that partner with federal and state chartered banks
- 18      to promote and enhance the availability and accessibility of mainstream
- 19      financial products and services to the financially underserved and in
- 20      their communities.
- 21      SECTION 5. That the Indiana General Assembly supports financial



1 services companies that provide consumer education to the unbanked  
 2 and underbanked consumer to educate them of the various options for  
 3 consumer credit and financial services that are available.

4 SECTION 6. That the Indiana General Assembly supports financial  
 5 services companies that develop relationships with national credit  
 6 bureaus to accept all credit payment history equitably.

7 SECTION 7. That the Indiana General Assembly supports financial  
 8 services companies that provide a credit delivery platform that  
 9 individually assesses consumers under risk-based pricing and  
 10 incorporates guaranteed graduation to better credit terms and lower  
 11 prices for underserved consumers who demonstrate creditworthiness.

12 SECTION 8. That the Indiana General Assembly supports financial  
 13 services companies that provide mainstream banking services for the  
 14 unbanked consumer while providing service options to meet their  
 15 individual financial needs.

16 SECTION 9. That the Indiana General Assembly supports financial  
 17 services companies that provide full, accurate, and understandable  
 18 disclosure of agreement terms, conditions, and the cost of obtaining  
 19 credit.

20 SECTION 10. That the Indiana General Assembly supports a  
 21 competitive regulatory framework for financial services companies to  
 22 provide mainstream banking services and credit products to the  
 23 unbanked and underbanked that will result in new product innovation,  
 24 enhanced delivery mechanisms, lower prices, and better terms that will  
 25 bridge financially underserved consumers and underprovided  
 26 communities to financial empowerment.

27 SECTION 11. That the Indiana General Assembly supports the  
 28 development of a stable regulatory environment through the  
 29 development of state legislation that will foster a competitive  
 30 environment for financial services companies and their bank partners.

31 SECTION 12. That the Indiana General Assembly supports the  
 32 development of a national regulatory framework that will allow  
 33 financial services companies and their bank partners to provide  
 34 mainstream financial services and credit products to the unbanked and  
 35 underbanked consumer.

36 SECTION 13. That the Indiana General Assembly supports the  
 37 efforts of financial services companies and their bank partners that join  
 38 in partnership with the NBCSL members in providing availability and  
 39 accessibility of financial services and credit products for the unbanked  
 40 and underbanked consumer.

41 SECTION 14. That the Indiana General Assembly supports the  
 42 efforts of financial services companies and their bank partners that  
 43 incorporate and implement the objectives of this resolution to equitably  
 44 provide mainstream financial services and credit products to the  
 45 financially underserved consumer while providing a vehicle to bridge  
 46 the gap of the financial empowerment divide.

47 SECTION 15. That the Indiana General Assembly directs the



1 Department of Financial Institutions to develop a plan for all regulated  
2 banks and credit unions that would prohibit regulated banks and credit  
3 unions from denying consumers access to checking or savings accounts  
4 based on credit scores alone.

5 SECTION 16. That the Indiana General Assembly strongly supports  
6 basing automobile insurance rates on a driver's record and his or her  
7 type of automobile instead of on the basis of where the driver lives and  
8 strongly believes that neither homeowner's insurance nor automobile  
9 insurance rates should be based on a consumer's credit score.

10 SECTION 17. That the Indiana General Assembly will work with  
11 the governor's office and the Department of Insurance to create rules  
12 and legislation that will end discriminatory practices of redlining in  
13 Indiana.

14 SECTION 18. That the Principal Clerk of the House of  
15 Representatives transmit copies of this resolution to the office of  
16 Governor Mitchell Daniels, the commissioner of the Indiana  
17 Department of Insurance, and the National Black Caucus of State  
18 Legislators.

